

## **General Services Customer Council Meeting**

February 10, 2006

### **Members Present**

Charlie Smithson, Ethics & Campaign Disclosure; Major Darrel Cox, Public Safety; Jennifer St. John, DNR; Marcia Spangler, Public Health; Mary Jane Olney, Agriculture & Land Stewardship; Jim Chrisinger, DOM; Peggy Sullivan, Judicial; Bob Straker, AFSCME; Cindy Morton, Revenue; Margaret Thomson, Legislature; John Connors, Member of Public; Paul Carlson, GSE.

### **Members Absent**

John Baldwin, DOC - Excused  
Greg Anliker, Elder Affairs - Excused

### **Others Present**

Mollie Anderson, DAS; Debbie O'Leary, DAS/GSE; Dale Schroeder, DAS/GSE; Tim Ryburn, DAS/GSE; Dean Ibsen, DAS/GSE; Tera Harrington, DAS/GSE; Nancy Williams, DAS/GSE; Paula Newbrough, DAS/GSE; Barbara Bendon, DAS/GSE D & C; Deb Madison-Levi, DAS; Denise Sturm, DAS; Julie Sterk, DAS; Patricia Lantz, DAS; Laura Riordan, DAS; Mark Johnson, DAS; Pat Deluhery, DAS; Mark Willemssen, Legislature; Paula Hutton, Public Defense; Paula Portz, Public Defense; Pat Mullenbach, DAS; Kathy Shannon, DAS/GSE Fleet; Matt Coulter, Voc. Rehab; Miki Clark, DHS; John Benson, HLSEM; Harold Chaney, DAS/GSE Mail; Kevin Bone, DAS/GSE Mail; Ken Paulsen, DAS/GSE Purchasing.

### **Call to Order**

Meeting called to order by Chairperson Charlie Smithson at 9:00 a.m.

### **Roll Call**

Member Roll Call taken by Secretary Nancy Williams.

### **Approve Minutes (January 6, 2006)**

John Connors moved to approve the minutes as written. Cindy Morton seconded the motion. Motion passed.

### **Announcements**

DAS Director Mollie Anderson spoke on various items:

- Last week DAS appeared before the Admin & Reg Committee regarding DAS and the progress we have made and the fees we charge to agencies.
- Roughly 80% of the products and services DAS offers are customer choice. 40% of those services are marketplace, 40% are utilities and 20% of them are leadership.
- HF624 discussed briefly.
- DAS is very mindful that our customers are very concerned about cost. We offer a suite of administrative services that arguably could be done by the private sector

or by other companies, but in the case of the utilities, the Governor with the consultation of the customer councils, has made recommendations where we think something should be utilities because we believe there is an “economy of scale savings” by the state offering those.

- On the agenda today, are several items which are rate reductions, they are mid-year rate reductions which will hopefully make our customers pleased. That happens from really trying to work hard to reduce our expenses and to control our costs and to be better business managers.
- If you have questions about the quality or the price of our products, I hope you engage us in the discussion of that. I hope you give us a chance to be able to present.
- Director Anderson stated in the discussions with Paul & Denise over rate reductions, we want to be cautious. We know people like rates going down and they don't like them going up and we want to make certain as we make rate reductions we can sustain them for a period of time.

Marcia Spangler wanted to publicly say “thank you” to Paul and his team for reducing rates. I think that is great and it is very much appreciated.

### **Waiver of Purchasing Rate Reduction**

Margaret Thomson moved to direct Chairman Smithson to file, on behalf of the GSE Customer Council, a waiver petition of the rule for the Purchasing Rate Reduction discussed at the last meeting. Marcia Spangler seconded the motion. Motion passed.

### **DPS/Corrections**

- Actual Rates vs. Budgeted Rates

(This item deferred to the next meeting since John Baldwin was not in attendance.)

### **Financial Reports**

Denise Sturm, DAS/Finance distributed a one page FY 2006 Financial Summary – December 2005 – FY06 report.

Ms. Sturm answered questions from the Council members.

### **Sub-committee Reports**

- **Design & Construction Fees**  
(Defer until next meeting)
- **Market Issues and How It Might Affect Utility Rates**  
(Defer until next meeting)
- **Language to Allow Agencies to Receive Rebate Money and Carry Forward**  
(Defer until after the elections)

- **Purchasing sub-committee**

(Defer to next meeting when Jim Chrisinger will have information out to members to review before the meeting in hopes members will come back with questions, suggestions, etc. Denise Strum will follow-up with the Feds to see what methodologies are allowable, etc. and bring this information to the next meeting.)

**Administrators Items of Interest**

*Debbie O'Leary – Service Delivery*

- Two weeks ago GSE/Purchasing participated in Kaizen training with the Department of Corrections. DOC was looking to improve their purchasing processes, improving their inventory management system and their delivery systems.
- The longest it took to order a product was about 388 days to order an item and then get to the actual person that needed the item. They had figured out a way to do this in seven days!
- DOC is now looking at standardizing what they buy. Example, all institutions are buying gloves, they are all buying different gloves. They are going to try to standardize the type of glove or uniforms, etc., that all institutions buy and then they are going to do some pre-planning – how much of this are they going to need over the year and then they are going to come to GSE Purchasing and tell us, in advance, we are going to need 10,000 gloves over the next year. GSE will then put this out to bid and get a vendor that can deliver “just in time”.
- GSE Purchasing is participating on some implementation teams with DOC, helping them determine what items are easier to standardize, what would be GSE's role versus the role of the purchasing agents in the field.
- GSE Purchasing has about 900 master contracts put out for bid every three years. We would rather focus our effort on these master contracts. We are going to work with the purchasing agents in DOC providing them the training so they can purchase small purchases or a one time small item, up to \$50,000 level. Once they get the training and certification, they will be able to do that on their own, we will then focus on the large dollar items.
- It was a very positive session. It did take some time away from the office, but it was well worth it. Ms. O'Leary stated she would recommend this to any other department that is interested in this type of process improvement.
- Ms. O'Leary stated this training is through DOM. Jim Chrisinger stated Kaizen is something that has grown out of the Quality Movement that Toyota has perfected. If you are interested, contact Theresa Hay-McMann There is a cost. It is very powerful, the results are spectacular.

*Dale Schroeder – Fleet & Mail*

- 1/1/2007 the post office will require large commercial mailers to use “two dimensional meter imprints” which will allow the post office to start tracking letters and mail much better than they have in the past.
- That is going to require the State of Iowa to make an investment in machinery.
- Last new equipment was in 1997.

- We will be replacing our metering equipment as well as our mail management system that feeds the information from the machines. We have been working with GSE/Purchasing on this. Purchasing has come up with a WISCA contract for the equipment. We will be going forward with this in the next couple of months.
- Cost out of mail revolving account – no increase in rate for our customers.
- Dale pointed out this is quite significant since it is going to impact everyone that meters mail at the same time. Dale stated he is hopeful that perhaps working with Purchasing, we can make those contracts available for political subdivisions, school districts, county governments and save a lot of money.

*Dean Ibsen – Design & Construction*

- New Project Manager – Steve Kuzynowski, who started January 6, 2006 (I advised you of this new hire at the last meeting).
- New Project Manager – Carol Frank started last Friday. Carol is a mechanical engineer. Carol comes to us from DNR energy office, she has a lot of experience with energy audits, energy efficiency issues, air quality issues including mold and asbestos. Carol is the first female engineer ever hired by GSE.

*Tim Ryburn – Capitol Complex Maintenance*

- Hidden Treasure on the Capitol Complex – Recycling!
- Over the last 20 years – 20 million pounds of paper have been recycled.
- Each person on the Capitol Complex generates about  $\frac{3}{4}$ # a day or 200 pounds a year roughly.
- Revenue - \$25,000 per year for us.
- Works in conjunction with DNR, they are a great supporter of this and have helped us develop our program over the last 20 years.
- Files Fly in July! This is one of the tools we use to help educate people about recycling. That one day event generated 8,0000 pounds.
- It is very important for us to keep this program moving forward. If each person generates one pound a day, that for us, generates about another \$7,000 to \$8,000 revenue. This year the fund is struggling, people forget that we are providing this service to you. It is a simple program; we wanted to just bring this before you to remind folks about recycling.
- Charlie Smithson advised DAS should send something to all agencies – promote this! Get people to recycle – there are benefits not only environmentally but also fiscally – we should promote this.

**Utility Rate Review/Other Items of Interest**

Paul Carlson advised we are coming to you with three rate reductions:

*Ankeny Surcharge*

- Tim Ryburn proposed a 37.6% rate reduction for the Ankeny surcharge which equates to about \$60,000.
- Current Ankeny Surcharge is \$2.18. New rate would be \$1.36 for the next five months.

- GSE is able to achieve this through buying of materials and better negotiation of contracts. We have been able to hold the line on various items, specifically supplies and materials. Additionally, we have gone through a pretty mild winter so far, what we budgeted for the Ankeny Labs for snow removal, has not happened, we have not had the overtime for snow removal, etc.

#### *Mail Services*

- Dale Schroeder stated in the mail unit we want to propose a \$100,000 rate reduction for the balance of FY06. That equates to a 26.2% reduction for the remaining fiscal year.
- Dale recognized Paula Newbrough who brought up three points that were looked at as a basis of being able to make this rate reduction. 1) Worked hard to reduce IT expenditures, 2) Reduced our equipment maintenance cost and 3) Have brought in additional revenues by expanding our delivery routes around the area.
- Paula recognized two of her staff members, Harold Chaney who is a driver and has taken on the added responsibility of the extra delivery routes and Kevin Bone who works in the Hoover Building, noting other staff were out in the areas at this time.

#### *Self-Insurance Fund*

- Dale Schroeder stated the second area we want to propose a rate reduction for your consideration is in the area of our self-insurance fund, our risk fund. We want to give you a 100% reduction for the balance of the fiscal year, suspend all billings from Risk. This is the per car charge that each vehicle in the fleet is assessed as their premium for car insurance.
- Kathy Shannon, Risk Manager explained how we are able to make this reduction. There are basically three areas where we have taken steps, 1) No large catastrophic claims in regard to accidents for the state of Iowa (no 3<sup>rd</sup> party catastrophic claims), this has helped us tremendously, 2) Our claims experiences have been better than expected, the cost to repair state vehicles has been less or we have recovered more from 3<sup>rd</sup> parties, 3) We conduct monthly reviews of state employees drivers license records and take corrective actions using defensive driving classes and driver improvement classes to improve drivers skills. This has really improved the awareness of the drivers of what kind of safety they need to use when they are driving state vehicles.
- This is a reduction of \$250,000 for the balance of this FY.

Chairman Charlie Smithson asked for a motion for a waiver petition for the Council to vote on the above rate reductions for the rest of FY 06 which have been proposed today. Margaret Thomson made the motion, Major Cox seconded the motion. Motion passed.

Jim Chrisinger complimented everyone, this is just outstanding work, I can't tell you how impressed I am, I can't wait to tell people in other states about what you all are doing here, it's just phenomenal. Charlie Smithson echoed that, adding I think there is a lot of good faith on the part of DAS, you were under no mandate to do this, to bring these rates back, it could have just sat for the year and made a profit off it frankly. I am glad that you did this, it is hard work.

Charlie Smithson stated that based on what has been done in FY06; we should look at some of the FY07 rates. Would DAS have an issue if we filed a waiver petition that you considered and then we looked at some of the FY07 rates? Paul Carlson stated that would be fine.

Charlie Smithson stated last month there was discussion about moving all space on the complex and get rid of the 1,000 sq. foot requirement for storage versus office, stating he would like to see the numbers to see how it would negatively impact DAS, Public Health, Workforce Development, etc. Paul Carlson stated we would prepare a summary.

Charlie Smithson asked the Council to direct him to file a waiver petition for us to review some of the FY07 rates based on our conversations from the last two months. Margaret Thomson moved, seconded by Cindy Morton. Motion passed.

Charlie Smithson stated again that he wanted to echo that personally I am very pleased with the work you guys have done. I believe we are the only Council that is doing this kind of work, I don't think any of the rest of them are reducing any rates mid-year.

#### **Concerns about Shared Services**

Charlie Smithson stated he would like to have more information on Shared Services for next meeting. (Defer to next meeting)

#### **Possible topics for next meeting**

None

#### **Adjournment**

Meeting adjourned at 10:10am

Respectfully submitted,  
Nancy Williams, GSE

***Next Meeting: Friday, March 10, 2006***

***9:00am – 11:00am***

***Hoover – Level A – EMD Conference Room***